

WASHINGTON (March 11) – Congressman Spencer Bachus (AL-6), Chairman of the House Financial Services Committee, today shepherded a second bill eliminating an inefficient and costly government program to passage.

The House today voted 242-177 to end a Federal government loan program that loses 98 cents for every one dollar it spends. Republicans pushed to end the program not only because of its cost, but also because it leaves already struggling homeowners in worse financial shape by adding to the amount of debt they owe.

“This bill stops a \$1 billion failed spending program. Now it’s a well-intentioned program. But just as the road to hell is paved with good intentions, so is the road to higher deficits and higher national debt,” said Bachus during debate on the bill.

The legislation, H.R. 836, was introduced by Congressman Jeb Hensarling, who serves as Vice-Chairman of the Financial Services Committee. Vice-Chairman Hensarling said, “The nation is drowning in a sea of red ink. If we want to help job creators create jobs today we’ve got to start taking away the uncertainty of this huge national debt. The best foreclosure mitigation program in America is a job. If we can’t terminate ineffective programs in order to save our children from bankruptcy and help create jobs, how are we going to make the tough decisions that are necessary to save the country from bankruptcy?”

The bill ends a HUD emergency home loan program that Congress started in 1975 but never funded until 2010 when the Dodd-Frank Act included \$1 billion for it.

The program provides loans or credit advances to some unemployed borrowers who cannot pay their mortgages, but that increases their indebtedness. Because of its high re-default rate, the Obama Administration estimates the program has a 98 percent subsidy rate. That means for every one dollar spent, the program loses 98 cents.

To view excerpt of Bachus floor remarks from this week, [click here](#).